

AUTO ELECTRIC SERVICE COMPANY, LIMITED

Toronto, Canada

AR45

File 98

annual report for the year nineteen sixty-four



SPECIALIZED

AUTOMOTIVE

INDUSTRIAL

MARINE

FARM

SALES

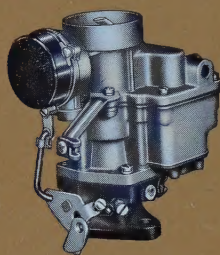
AND

SERVICE

*for top quality
performance
be sure to specify*



branded products



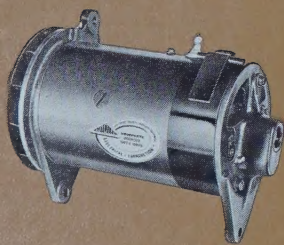
CARBURETOR



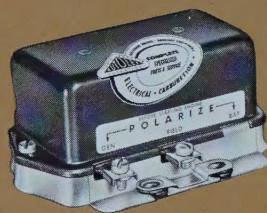
STARTING MOTOR



BATTERY



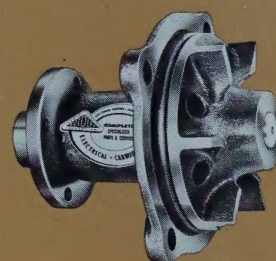
GENERATOR



REGULATOR



FUEL PUMP



WATER PUMP

AUTO ELECTRIC SERVICE COMPANY, LIMITED

1009-1027 BAY STREET

EST. 1918

TORONTO, ONTARIO

DIRECTORS

GEORGE J. BEATTIE

MARY M. BEATTIE

H. C. BRINDLE

L. P. CHALMERS

A. A. KERR

C. E. MCTAVISH

J. B. GILLESPIE

OFFICERS

Chairman of the Board - - GEORGE J. BEATTIE

Vice-President, Finance - - - - A. A. KERR

President - - - - - H. C. BRINDLE

Secretary - - - - - A. C. FIELD

WHOLLY-OWNED SUBSIDIARIES

AUTO ELECTRIC SERVICE (PACIFIC) LIMITED - - - - - *Vancouver, Kamloops, Nelson
and Penticton, British Columbia*

AUTO ELECTRIC SERVICE (VICTORIA) LIMITED - - - - - *Victoria, British Columbia*

AUTO ELECTRIC SERVICE (WESTERN) LIMITED - - - *Winnipeg and Dauphin, Manitoba*

AUTOLEC SERVICES (QUEBEC) LIMITED - - - - - *Montreal, Quebec*

CANADIAN AVIATION PRODUCTS, LIMITED - - - - - *Toronto, Ontario*

AUTOLEC SERVICES (ONTARIO) 1963, LIMITED

Harris Auto Electric Division - - - - - *Barrie, Ontario*

Cliff Towle Division - - - - - *Peterborough, Ontario*

North Bay Auto Electric Division - - - - - *North Bay, Ontario*

Yuill & Craig Division - - - - - *Sudbury, Ontario*

Westway Auto Electric Division - - - - - *Toronto and Brampton, Ontario*

TRANSFER AGENTS AND REGISTRARS

NATIONAL TRUST COMPANY, LIMITED - - - - - *Toronto*

SOLICITORS

FRASER, BEATTY, TUCKER, MCINTOSH & STEWART - - - - - *Toronto*

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE - - - - - *Toronto, Barrie, Peterborough
North Bay, Sudbury, Winnipeg, Vancouver and Victoria*

AUDITORS

CAMPBELL, LAWLESS AND PUNCHARD - - - - - *Toronto*

COMPARATIVE EARNINGS PER SHARE AND NET WORTH:

<u>YEAR</u>	<u>EARNINGS</u>	<u>PER SHARE</u>	<u>WORKING CAPITAL</u>	<u>NET WORTH</u>	<u>SHAREHOLDERS' EQUITY</u>
1963	\$149,850	38¢	\$2,073,065	\$2,694,323	\$6.85
1964	\$139,667	35¢	\$2,002,790	\$2,748,413	\$6.93

The number of shares outstanding at December 31st, 1964 was 396,352.

PERSONNEL:

Your company and its subsidiaries employed an average of 394 persons during 1964. Contributions to Pension Plan and Group Insurance were \$36,463.

OUTLOOK FOR 1965:

Your directors believe that conditions should be generally favourable to your company's operations in 1965.

On behalf of the Board of Directors

GEORGE J. BEATTIE,
Chairman.

TORONTO, MARCH 16th, 1965.

AUTO ELECTRIC SERVICE COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

Statement of Consolidated Profit and Loss

For the year ended December 31, 1964

(with comparative figures for 1963)

	1964	1963
Net operating profit before the following deductions - - - - -	\$ 325,737	\$ 385,023
Interest on debentures - - - - -	7,989	9,747
Provision for depreciation - - - - -	66,580	68,093
	<u>74,569</u>	<u>77,840</u>
Profit before taxes on income - - - - -	251,168	307,183
Provision for taxes on income - - - - -	111,501	157,333
Net profit for the year - - - - -	<u>\$ 139,667</u>	<u>\$ 149,850</u>

Note—Directors' fees paid during the year—\$3,083.

Statement of Consolidated Earned Surplus

For the year ended December 31, 1964

(with comparative figures for 1963)

	1964	1963
Balance at credit—beginning of year - - - - -	\$2,641,161	\$2,575,899
Add:		
Net profit for the year - - - - -	139,667	149,850
Refund of federal income tax relating to prior years - - - - -	—	13,762
	<u>2,780,828</u>	<u>2,739,511</u>
Deduct:		
Dividends declared and paid		
25¢ per share - - - - -	98,585	98,350
Balance at credit—end of year - - - - -	<u>\$2,682,243</u>	<u>\$2,641,161</u>

AUTO ELECTRIC SERVICE COMPANY, LIMITED

(Incorporated under the laws of Ontario)

AND ITS SUBSIDIARY COMPANIES

ASSETS

CURRENT

	1964	1963
Cash on hand - - - - -	\$ 3,965	\$ 41,797
Investments in Government of Canada, Provincial and Provincial guaranteed bonds	34,225	34,225
Trade and sundry accounts receivable after deducting allowance of \$49,017 (1963—\$46,701) - - - - -	1,064,942	1,147,437
Inventories of merchandise valued at replacement cost after provision for obsolete and slow-moving parts - - - - -	2,260,375	2,653,290
Prepaid expenses - - - - -	29,712	30,525
Life insurance—cash surrender value - - - - -	90,873	83,931
	<u>\$3,484,092</u>	<u>\$3,991,205</u>
LAND, BUILDINGS, EQUIPMENT AND AUTOMOBILES, AT COST - - - - -	1,685,995	1,563,867
Less accumulated depreciation - - - - -	713,632	664,796
	<u>972,363</u>	<u>899,071</u>
Excess of cost of investment in subsidiaries over net book value - - - - -	85,748	85,748
	<u>\$4,542,203</u>	<u>\$4,976,024</u>

Approved on behalf of the Board

GEORGE J. BEATTIE, *Director*

H. C. BRINDLE, *Director*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of AUTO ELECTRIC SERVICE COMPANY, LIMITED and its subsidiary companies as at December 31, 1964 and the statements of consolidated profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly the financial position of the companies as at December 31, 1964 and the results of their operations for the

Consolidated Balance Sheet as at December 31, 1964

(with comparative figures for 1963)

LIABILITIES

CURRENT

	1964	1963
Bank advances (secured) - - - - -	\$ 720,588	\$1,109,000
Accounts payable and accrued charges - - - - -	601,005	607,526
Sinking fund payment on debentures due on or before April 1, 1965 - - - -	33,000	33,000
Notes and mortgage payments due in 1965 - - - - -	71,000	66,000
Income taxes payable - - - - -	55,709	102,614
	<u>\$1,481,302</u>	<u>\$1,918,140</u>

LONG-TERM DEBT

Mortgage payable in instalments 1966 to 1973 inclusive - - - - -	45,000	—
Notes payable in instalments 1966-1969 inclusive - - - - -	129,626	195,625
5½% 15-year Sinking Fund Debentures due April 1, 1968—Outstanding after deducting the sinking fund payment included in current liabilities - - - -	104,000	137,000
	<u>278,626</u>	<u>332,625</u>
Accumulated tax reductions applicable to future years - - - - -	33,862	30,936

CAPITAL STOCK AND SURPLUS

Capital Stock (Note 1)		
Authorized		
—1,000,000 shares without par value		
Issued and outstanding		
—396,352 shares (1963—393,372 shares) - - - - -	66,170	53,162
Earned Surplus - - - - -	2,682,243	2,641,161
	<u>2,748,413</u>	<u>2,694,323</u>
	<u>\$4,542,203</u>	<u>\$4,976,024</u>

NOTE:

- The Company had in force during the year a share option plan for officers and key employees of the Company and its subsidiaries. Pursuant to options granted under the plan 2,980 shares without par value were taken up during the year for cash in the aggregate amount of \$13,007.95. At the end of the year the position under the plan was that:
 - options to purchase 14,020 shares without par value at \$4.36½ per share exercisable up to June 4, 1968 and an option to purchase 5,000 shares without par value at \$4.41 per share exercisable up to June 17, 1968 were outstanding; and
 - options to purchase an additional 3,000 shares without par value might be granted up to March 8, 1968.

year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. We report that members of our firm or their immediate families own not more than 5% of the issued shares of the Company in the aggregate, which shares were acquired through open market purchase and substantially all of which were acquired more than five years ago.

Toronto, Ontario, March 15, 1965.

CAMPBELL, LAWLESS & PUNCHARD,
Chartered Accountants

AUTO ELECTRIC SERVICE COMPANY, LIMITED

AND ITS SUBSIDIARY COMPANIES

Central Service Distributors for:

BENDIX-ECLIPSE OF CANADA, LIMITED	- - - - -	Windsor, Ont., Canada
BRIGGS & STRATTON CORPORATION	- - - - -	Milwaukee, Wis., U.S.A.
CANADIAN SHALER PRODUCTS LIMITED	- - - - -	Toronto, Ont., Canada
CARTER CARBURETOR DIVISION OF ACF INDUSTRIES INC.	- - - - -	St. Louis, Mo., U.S.A.
CLINTON ENGINES CORP.	- - - - -	Maquoketa, Iowa, U.S.A.
CONTROLS COMPANY OF CANADA	- - - - -	Cooksville, Ont., Canada
DOMINION ELECTROHOME INDUSTRIES LIMITED		
MOTOR AND METAL PRODUCTS DIVISION	- - - - -	Kitchener, Ont., Canada
ELECTRIC AUTOLITE LIMITED	- - - - -	Sarnia, Ont., Canada
FAIRBANKS, MORSE & CO.	- - - - -	Beloit, Wis., U.S.A.
LESLIE HARTRIDGE (CANADA) LIMITED	- - - - -	Toronto, Ont., Canada
KING-SEELEY DIVISION OF		
KING-SEELEY THERMOS CO.	- - - - -	Ann Arbor, Mich., U.S.A.
JOSEPH LUCAS LIMITED	- - - - -	Birmingham, England
MARVEL-SCHEBLER PRODUCTS DIVISION		
BORG-WARNER CORPORATION	- - - - -	Decatur, Ill., U.S.A.
MOTOROLA AUTOMOTIVE PRODUCTS INC.	- - - - -	Franklin Park, Ill., U.S.A.
PRESTOLITE LIMITED	- - - - -	Sarnia, Ont., Canada
PUROLATOR PRODUCTS (CANADA) LIMITED	- - - - -	Toronto, Ont., Canada
QUICK MANUFACTURING INC.	- - - - -	Springfield, Ohio, U.S.A.
SIERRA SUPPLY COMPANY	- - - - -	Warren, Mich., U.S.A.
SLICK ELECTRO INC.	- - - - -	Rockford, Ill., U.S.A.
TRICO PRODUCTS CORPORATION	- - - - -	Buffalo, N.Y., U.S.A.
WALBRO CORPORATION	- - - - -	Cass City, Mich., U.S.A.
THE WEATHERHEAD COMPANY OF CANADA LIMITED	- - - - -	Toronto, Ont., Canada
WEST BEND ALUMINIUM CO. (CANADA) LTD.	- - - - -	Barrie, Ont., Canada
WICO ELECTRIC COMPANY	- - - - -	West Springfield, Mass., U.S.A.

Service Distributors for:

ROBERT BOSCH (CANADA) LIMITED	- - - - -	Toronto, Ont., Canada
CANADIAN ACME SERVICE PARTS	- - - - -	Toronto, Ont., Canada
CANADIAN GENERAL ELECTRIC COMPANY LIMITED	- - - - -	Toronto, Ont., Canada
CHICAGO RAWHIDE PRODUCTS (CANADA) LIMITED	- - - - -	Brantford, Ont., Canada
B. F. GOODRICH CANADA LIMITED	- - - - -	Kitchener, Ont., Canada
HOLLEY CARBURETOR CO.	- - - - -	Warren, Mich., U.S.A.
KOHLER COMPANY	- - - - -	Kohler, Wis., U.S.A.
LAUSON-POWER PRODUCTS—		
DIVISION OF TECUMSEH PRODUCTS COMPANY	- - - - -	Grafton, Wis., U.S.A.
LEECE-NEVILLE COMPANY	- - - - -	Cleveland, Ohio, U.S.A.
JOSEPH LUCAS (CANADA) LIMITED	}	Toronto, Ont., Canada
CAV LIMITED		
MINTEX FEDERAL LIMITED	- - - - -	Toronto, Ont., Canada
QUAKER STATE OIL REFINING CO. OF CANADA LTD.	- - - - -	Toronto, Ont., Canada
S. SMITH & SONS (CANADA) LIMITED	- - - - -	Toronto, Ont., Canada
TILLOTSON MANUFACTURING COMPANY	- - - - -	Toledo, Ohio, U.S.A.
UNITED MOTORS SERVICE—A. C. DIVISION,		
GENERAL MOTORS PRODUCTS OF CANADA, LTD.	- - - - -	Oshawa, Ont., Canada
WAGNER BRAKE COMPANY LIMITED	- - - - -	Weston, Ont., Canada

Service Agents for: and others.

ASSOCIATED ELECTRICAL INDUSTRIES (CANADA) LTD.	- - - - -	Toronto, Ont., Canada
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A NATIONAL SALES AND SERVICE ORGANIZATION SERVING THE AUTOMOTIVE, MARINE, FARM AND INDUSTRIAL TRADE ACROSS CANADA THROUGH ITS WIDESPREAD SUBSIDIARIES AND BRANCHES